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STATE OF HAWAII

REQUEST FOR EXEMPTION FROM CHAPTER 103F, HRS

To: Chief Procurement Officer

From: Department of Human Services/Med-QUEST Division
Department/Division/Agency

Pursuant to § 103F-101(a)(4), HRS, and Chapter 3-141, HAR, the Department requests a procurement exemption to purchase the following:

Title and description of health and human service(s):
To provide medical and behavioral health services to eligible Medicaid, low-income residents who are covered under the QUEST managed care program. These recipients receive their medical and behavioral health care services through qualified and properly licensed health plans.

Provider Name: Kaiser Foundation Health Plan	Total Contract Funds: 23,400,000.00	Term of Contract: From: July 1, 2006 To: December 31, 2006
Provider Address: 711 Kapiolani Boulevard Honolulu, Hawaii 96813	Contract Funds per Year (as applicable). n/a	

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:
Over 165,000 members of the Hawaii QUEST managed care health plans currently receive services through three health plans under contracts that expire on June 30, 2006. The DHS needs to extend those contracts to December 31, 2006, pending completion of a new procurement for QUEST managed care services that is expected to commence services to members on January 1, 2007. This requires an exemption from the application of Hawaii Administrative Rules section 3-149-301 because the extension is for 184 days. Except for the 180 day extension limit, the requested extension of the contracts meets the conditions stated in HAR section 3-149-301(b). Moreover, the Department of Human Services (DHS) will comply with the requirements set forth in HAR section 3-149-301(c).

A new Request for Proposal (RFP) could not be issued for implementation on July 1, 2006 due to the delay in the approval by the Centers for Medicare and Medicaid Services of the DHS' 1115 waiver amendment, which authorizes the DHS to deliver services in a managed care environment. The 1115 waiver was approved on January 31, 2006. The DHS issued an RFP on March 13, 2006, with award of the new contracts expected on June 30, 2006, implementation on August 1, 2006, and services to members on October 1, 2006. The DHS intended to extend the current health plan contracts until September 30, 2006 as provided in HAR section 3-149-301.

However, members of the legislature and the public expressed a number of concerns with the RFP, some of which were the subject of a legislative briefing held on April 6, 2006 before the Senate Committee on Human Services. Due to the magnitude of the RFP, and the DHS' desire to address the concerns raised during the legislative briefing, the DHS has decided to cancel the RFP, and reissue a new RFP.

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It is not practicable or advantageous to the State to reprocure the managed care health services for the period between expiration of the current contracts on June 30, 2006, and the anticipated commencement of services under the new contracts on January 1, 2007. Extending the current contracts to December 31, 2006 would be most efficient and cost-effective for the State and maintain continuity of care for the current QUEST population. This will allow sufficient time for the new RFP to be reissued, and health plans to thereafter be selected through the competitive bid process. Moreover, extension of the existing health plan contracts will ensure that there is no disruption of the State's compliance with Title XIX of the Social Security Act.

Details of the process or procedure to be followed in selecting the service provider to ensure maximum fair and open competition as practicable:

Currently, the DHS has three health plans servicing the QUEST population. The DHS is concerned about the continuity of care to the QUEST population, therefore all three of the current health plans will be selected to continue service through December 31, 2006 by way of supplements to their current contracts.

A description of the state agency's internal controls and approval requirements for the exempted procurement:

The DHS Med-QUEST Division Health Coverage Management Branch (HCMB) and the MQD's Finance Office will follow all normal procurement processes. We will monitor the extended contract with the health plans and ensure that all requirements are met.

A list of state agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Lillian Koller, Director of the Department of Human Services
Angelina Payne, MQD Acting Administrator
Leslie Tawata, HCMB Acting Administrator
Brian Pang, Finance Officer
Dona Jean Watanabe, Health Care Contracts & Purchasing Specialist
Lee-Ann Brewer, Deputy Attorney General

Direct questions to (name & position):	Phone number:	e-mail address:
Dona Jean Watanabe, Health Care Contracts and Purchasing Specialist	692-7973	dwatanabe@medicaid.dhs.state.hi.us

This exemption should be considered for list of exemptions attached to Chapter 3-141, HAR: Yes ☐ No ☒

I certify that the information provided above is to the best of my knowledge, true and correct.

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Department Head Signature — APR 28 2006 *Date*

Lillian B. Koller, Esq. — *Typed Name*

Director — *Position Title*

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

☒ Approved ☐ Denied *Chief Procurement Officer* — MAY 11 2006 *Date*

cc: Administrator
State Procurement Office

State of Hawaii
Notice of Request for Exemption from Chapter 103F, HRS

The chief procurement officer is considering this request for exemption and, if there is good cause, the state intends to exempt the purchase as described in the request. Any inquiries regarding the purchase shall be directed to the contact person noted on page two of the request. Any concerns regarding the exemption shall be in writing and received by the chief procurement officer within seven days of the date the notice was first posted. Concerns shall be mailed to: Aaron Fujioka, Chief Procurement Officer, State Procurement Office, 1151 Punchbowl St., #230A, Honolulu, HI 96813.